

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 96-384-C - ORDER NO. 97-455
MAY 23, 1997

IN RE: Application of U S WEST Long Distance,) ORDER
Inc. for a Certificate of Public) APPROVING
Convenience and Necessity to Provide) CERTIFICATE
Resold Telecommunications Services and)
for Approval of Alternative Regulatory)
Plan.)

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of U S WEST Long Distance, Inc. ("USWLD" or the "Company") requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of intrastate interexchange telecommunications services, including operator assisted services, in the State of South Carolina. The Company's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1996) and the Regulations of the Public Service Commission of South Carolina. The Company also requested that its business service offerings be regulated pursuant to the procedures described and set forth in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C in which the Commission granted a "relaxed" regulatory treatment for AT&T Communications of the Southern States ("AT&T").

The Commission's Executive Director instructed USWLD to publish, one time, a prepared Notice of Filing in newspapers of

general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of USWLD's Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. USWLD complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. A Petition to Intervene was filed by the Consumer Advocate for the State of South Carolina (the "Consumer Advocate").

A hearing was commenced on May 13, 1997, at 11:00 a.m., in the Commission's Hearing Room. The Honorable Guy Butler, Chairman, presided. USWLD was represented by John F. Beach, Esquire. Elliott F. Elam, Jr., Esquire, represented the Consumer Advocate, and Florence P. Belser, Staff Counsel, represented the Commission Staff.

Judy Brunsting, Director - Regulatory for USWLD, appeared and offered testimony in support of USWLD's Application. Ms. Brunsting stated that USWLD is an Colorado corporation which is registered to do business in South Carolina as a foreign corporation. According to Ms. Brunsting, USWLD proposes to offer long distance services using resold transmission services of carriers certificated to carry traffic in South Carolina. Ms. Brunsting explained the Company's request for authority to provide interexchange telecommunications services in South Carolina as a reseller. The record reveals the Company's services, operations and marketing procedures.

Further, Ms. Brunsting offered that USWLD possesses the

technical, financial and managerial abilities to provide its services in South Carolina. The record further reveals that the Company agreed to make certain changes to its proposed tariff to comply with Commission guidelines and prior Orders.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. USWLD is incorporated under the laws of the State of Colorado and is licensed to do business as a foreign corporation in the State of South Carolina by the Secretary of State.

2. USWLD operates as a non-facilities based reseller of interexchange services and wishes to provide its services in South Carolina.

3. USWLD has the experience, capability, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to USWLD to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers

approved by the Commission.

2. Regarding the Company's non-business services offerings, the Commission adopts a rate design for USWLD which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984). USWLD shall not adjust its rates for its non-business service offerings below the approved maximum level without notice to the Commission and to the public. USWLD shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1996).

3. With regard to business service offerings, USWLD

requested that its business service offerings not be required to state maximum rates; that its tariffs be presumed valid upon filing, subject to the Commission's right within seven (7) days to institute an investigation of the tariff filing, in which case such filing would be suspended pending further order of the Commission; and that it be subject to the same monitoring process as similarly regulated companies. USWLD's request is similar to the regulatory treatment approved for AT&T in Docket No. 95-661-C as granted in Order No. 95-1734 and Order No. 96-55.

Therefore, pursuant to Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C, USWLD is granted "relaxed regulation" as set forth in Orders Nos. 95-1734 and 96-55. Therefore, with respect to business service offerings, including credit card services, operator services, private line services, and customer network offerings, tariff filings will be presumed valid upon filing. If the Commission institutes an investigation of a particular filing within seven days, then the tariff filing will be suspended until further Order of the Commission. Any relaxation in the future reporting requirements that may be adopted for AT&T shall apply to USWLD also.

4. For intrastate interLATA calls utilizing the Company's operator services, USWLD may not impose a fixed operator charge more than the intrastate operator charges then currently approved for AT&T Communications, and for the usage portion of the call, USWLD may not charge more than the intrastate rates charged by AT&T Communications at the time such call is completed.

5. If USWLD has not filed its revised tariff and price list by receipt of this Order, USWLD shall file its revised tariff and an accompanying price list within thirty (30) days from the date of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

6. USWLD is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

7. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

8. USWLD shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If USWLD changes underlying carriers, it shall notify the Commission in writing.

9. With regard to the origination and termination of toll calls within the same LATA, USWLD shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993).

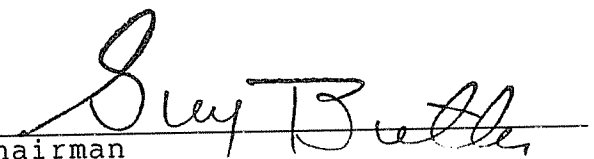
10. USWLD shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

11. The Company shall, in compliance with Commission

regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. USWLD shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced, and the Company is directed to comply with the Commission regulations unless waived by the Commission.

12. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:



Executive Director

(SEAL)

DISSENTING OPINION OF COMMISSIONER WARREN D. ARTHUR, IV:

I respectfully dissent from the majority decision approving the Application of U.S. WEST Long Distance for "alternative regulation" (or "relaxed regulation") similar to that granted to AT&T in Order Nos. 95-1734 and 96-55 (Docket No. 95-661-C). I objected to the "relaxed regulation" granted to AT&T and also do not agree with the Commission's approval of that regulatory treatment in this instance.

As I have previously stated, I believe that alternative regulation should be granted to an interexchange carrier under S.C. Code Ann. §58-9-585 (Supp.1996) only if the company satisfies the requirements of that statute. Section 58-9-585 is the specific statutory authority which allows the grant of alternative regulation. The majority's grant of alternative regulation to AT&T, and now to U.S. WEST Long Distance, via other means, is strained. Since I believed that the relaxed regulation was originally improvidently granted, I must also disagree with the grant of it now to U.S. WEST Long Distance.



Warren D. Arthur, IV
Commissioner, Sixth District

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ATTACHMENT A

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR INTEREXCHANGE COMPANIES AND AOS'S

COMPANY NAME

FEI NO.

ADDRESS

CITY, STATE, ZIP CODE

PHONE NUMBER

- (1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12
MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.
- * THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION
WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX,
CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.
- (4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR
ENDING _____.
- * THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.
- (5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS
WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT
(SEE #3 ABOVE).

SIGNATURE

NAME (PLEASE TYPE OF PRINT)

TITLE

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ATTACHMENT B

INFORMATION OF THE AUTHORIZED UTILITY REPRESENTATIVES
FOR INTEREXCHANGE, LOCAL AND AOS COMPANIES

PURSUANT TO SOUTH CAROLINA PUBLIC SERVICE COMMISSION
REGULATION 103-612.2.4(b), each utility shall file and
maintain with the Commission the name, title, address, and
telephone number of the persons who should be contacted in
connection with Customer Relations/Complaints.

Company Name/DBA Name

Business Address

City, State, Zip Code

Authorized Utility Representative (Please Print or Type)

Telephone Number

Fax Number

E-Mail Address

This form was completed by

Signature

If you have any questions, contact the Consumer Services
Department at 803-737-5230